



3 November 2011

Bovleven plc ('Bovleven' or 'the Company')

### **Preliminary Results Announcement**

Bovleven, the West Africa focused oil and gas exploration group traded on AIM, today announces its preliminary results for the year ended 30 June 2011.

#### **HIGHLIGHTS**

##### **Operational**

- Successful multi-well exploration and appraisal drilling campaign carried out on the Etinde Permit in the period.
- Sapele-1 exploration well targeting multiple stacked objectives delivered positive results:
  - Significant discoveries of oil and gas condensate made in the Deep Omicron and Lower Omicron Miocene intervals respectively
  - Oil and gas condensate confirmed as present in the Epsilon Complex interval
  - Presence of hydrocarbons in the Cretaceous, offshore Douala Basin, extends Cretaceous fairway significantly offshore
  - Highlights the significant potential of the Douala Basin
- Sapele-1ST and Sapele-2 appraisal wells also confirmed the significant prospectivity of the Douala Basin:
  - Tested oil from Deep Omicron interval with both wells
  - Flowed gas condensate from Lower Omicron interval with Sapele-2
  - Mapped Miocene fairways cover considerable proportion of block MLHP-5
- Sapele-3 well further extended Deep Omicron fairway; drilling operations are continuing:
  - Oil encountered in the Deep Omicron interval, 16 kilometres from original Sapele-1 discoveries
  - Extends Deep Omicron fairway significantly beyond currently mapped area northwards into block MLHP-6
  - Gas condensate encountered in the D-1r interval further highlights overall prospectivity
- IE-3 appraisal well on block MLHP-7 tested cumulative maximum flow rate of circa 23,000 boepd; appraisal activities on IE and IF fields progressing.
- P50 contingent resources for the Group increased by 39% year on year to 226 mmmboe (net) due to the incorporation of oil and gas condensate discovered with the first three Sapele wells; volumetrics update post Sapele-3 well pending.
- Seismic coverage expanded significantly over the Etinde and Bomono Permits in Cameroon; results will aid development planning on block MLHP-7 and the identification of further exploration potential on our Douala Basin acreage.

## **Corporate**

- Group cash balance at 30 June 2011 \$96.6 million, no debt.
- Group cash balance at 31 October 2011 approximately \$15 million; excludes \$35 million EOV proceeds pending.
- Placing proceeds of approximately \$124 million (gross) raised; conditional upon shareholder approval on 7 November 2011.
- Fully funded post placing/EOV proceeds for proposed drilling programme on Etinde.

## **Outlook**

- The two key Group objectives remain the exploration of the Douala Basin and the conversion of resources to reserves. A multi-well drilling programme comprising up to three appraisal and one exploration well offshore on the Etinde Permit and one exploration well on the onshore Bomono Permit are planned for 2012 in Cameroon.
- Development activities will focus on pre-FEED work for a 'hub and spoke' development concept across the Etinde Permit, with processing facilities based onshore at Limbe.
- Ongoing exploration activity in Cameroon is likely to include:
  - Completion of Sapele-3 exploration well
  - Exploration drilling onshore and offshore Douala Basin, Cameroon targeting both Tertiary and Cretaceous prospectivity
  - Progressing the acreage wide prospect and lead inventory further, incorporating new seismic and drilling data.

## **Kevin Hart, Chief Executive of Bowleven plc, said:**

“It has been an exciting year of intense operational activity for Bowleven during which considerable progress has been made across our Cameroon acreage.

The initial discovery of oil and gas condensate with the Sapele-1 exploration well was a key event for the Company. The subsequent three Sapele wells drilled all encountered hydrocarbons and we are particularly encouraged that at every location where these intersected the Deep Omicron interval we have encountered oil. These results highlight the significant prospectivity and potential of our acreage in the Douala Basin.

As we continue to successfully explore and appraise our acreage we have been actively progressing integrated development options for the entire Etinde Permit. The conversion of resources to reserves remains a priority for the Group as we seek to create value for our Shareholders.

We are now more convinced than ever about the exploration and development potential of our acreage and we look forward to pursuing the opportunities our Cameroon acreage holds.”

## ENQUIRIES

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*This announcement may include statements that are, or may be deemed to be "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "projects", "expects", "intends", "may", "will", "seeks" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They include statements regarding the Company's intentions, beliefs or current expectations concerning, amongst other things, the results of operations, financial conditions, liquidity, prospects, growth and strategies of the Company and its direct and indirect subsidiaries (the "Group") and the industry in which the Group operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial conditions and liquidity, and the development of the industry in which the Group operates, may differ materially from those suggested by the forward-looking statements contained in the announcement. In addition, even if the Group's results of operations, financial conditions and liquidity, and the development of the industry in which the Group operates, are consistent with the forward-looking statements contained in the announcement, those results or developments may not be indicative of results or developments in subsequent periods. In light of those risks, uncertainties and assumptions, the events described in the forward-looking statements in the announcement may not occur. Other than in accordance with the Company's obligations under the AIM Rules for Companies, the Company undertakes no obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. All written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in the announcement.*

**Notes to Editors:**

Bowleven is a West Africa focused oil and gas exploration group, based in Edinburgh and traded on AIM since 2004.

Bowleven holds equity interests in 5 blocks in Cameroon, with 3 blocks (Etinde Permit) located offshore in shallow water, and 2 onshore (Bomono Permit). Both Permits are operated by Bowleven. The Etinde Permit (Bowleven 75%; Vitol 25%) comprises approximately 2,316 km<sup>2</sup> of exploration acreage located across the Rio del Rey and Douala Basins. An extensive multi-well exploration and appraisal drilling programme is being carried out on the Etinde Permit during 2010/2011. Drilling operations are currently ongoing at the Sapele-3 exploration well.

Bowleven also holds an equity interest in a block offshore Gabon (EOV Permit). An agreement in principle has been reached with a third party to sell the subsidiary that is the licensee and operator of the EOV Permit.

**Notes to Announcement:**

- (1) The technical information in this release has been reviewed by Ed Willett, who is a qualified person for the purposes of the AIM Guidance Note for Mining, Oil and Gas Companies. Ed Willett, Exploration Director of Bowleven plc, is a geologist and geophysicist, a Fellow of the Geological Society (FGS) and a member of the Petroleum Exploration Society of Great Britain (PESGB) with over 25 years' experience in oil and gas exploration and production.
- (2) The information in this release reflects the views and opinions of Bowleven as operator and has not been reviewed in advance by the Etinde Permit joint venture partners.

## CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT

This has been a year of intense activity at Bowleven with drilling operations continuing throughout the entire period. The results of this campaign, which has comprised both high impact exploration and lower risk appraisal, have been largely successful and very encouraging. Great credit for this goes to everyone in the team for ensuring these operations were conducted in a safe manner. Whilst the geology threw many challenges our way and on occasion made operations difficult, the results and intelligence gained from the campaign will assist greatly in ensuring future drilling efficiency and in optimising the pursuit of our strategic objectives.

The Etinde drilling programme has been focused on progressing the Group's two key objectives, namely:

1. Further 'Exploring the Douala Basin in Cameroon' and unlocking the potential of our acreage position in this relatively unexplored area encompassing both a substantial part of the offshore Etinde Permit and our onshore Bomono Permit.

The Sapele-1 and Sapele-3 exploration wells have confirmed our belief that the Douala Basin has the potential, in time, to become a major hydrocarbon producing province.

2. Converting 'Resources to Reserves' through the ongoing appraisal and subsequent anticipated development sanction of the IE, IF and IM discoveries on Block MLHP-7 and the Lower Omicron and Deep Omicron discoveries on Block MLHP-5 of the Etinde Permit.

The appraisal of the Lower (gas condensate) and Deep (oil) Omicron discoveries encountered with the Sapele-1 exploration well with follow up appraisal wells, Sapele-1ST and Sapele-2, on block MLHP-5, along with the successful first well in the Etinde drilling campaign (IE-3 appraisal well, block MLHP-7) have provided an increased level of confidence that we can deliver multiple commercial discoveries within both Blocks MLHP-5 and MLHP-7 of the Etinde Permit.

The operational highlights for 2010/2011 have included:

- The IE-3 appraisal well (MLHP-7) which delivered a maximum cumulative flow rate on test of circa 23,000 boepd from five zones
- The Sapele-1 exploration well (MLHP-5) which highlighted the significant potential of the Douala Basin, including
  - the discovery of oil and gas condensate in the Deep and Lower Omicron Miocene intervals respectively
  - the confirmation of oil and gas condensate in the Epsilon Complex interval
  - the high pressure gas kick encountered at TD in the Cretaceous
- The Sapele-1ST and Sapele-2 appraisal wells (MLHP-5) which confirmed the potential of the Omicron fairways including

- testing high quality light oil from the Deep Omicron interval at both Sapele-1ST and Sapele-2
- flowing gas condensate from the Lower Omicron interval at Sapele-2
- The Sapele-3 exploration well (MLHP-5) which
  - confirmed the presence of the Deep Omicron interval 16 kilometres from the Sapele-1 well, suggesting the fairway extends significantly beyond current mapped area; and
  - intersected gas condensate in the D1-r equivalent interval
- The acquisition of 2D onshore and 3D marine seismic over Bomono and Etinde (including block MLHP-6) respectively to further evaluate the exploration potential of our extensive Douala Basin acreage
- Further appraisal activity on IE and IF fields, including development of a dynamic reservoir model over IE, and the acquisition of 3D four component ocean bottom cable (4C OBC) development seismic over both fields.

Good progress has been made across our asset base and our understanding of the prospectivity and potential of our Cameroon acreage has been significantly enhanced.

On 19 October 2011, despite the background of difficult equity markets, Bowleven announced the completion of an equity placing raising gross proceeds of approximately \$124 million. This is conditional upon shareholder approval at a General Meeting on 7 November 2011. The net proceeds from the recent equity fundraising are to be used to carry out our proposed 2012 work programme in Cameroon that is centred around progressing the Group's two key objectives.

### **Resources to Reserves**

Bowleven's combined P50 contingent resource volumes on a net basis have increased from the previous year by 39% to 226 mmboe (2010: 163 mmboe).

This upward revision is attributable to volumes associated with the Lower and Deep Omicron discoveries recognised following the Sapele-1, Sapele-1ST and Sapele-2 wells on block MLHP-5. These volumes have not been updated to incorporate recent drilling results at Sapele-3.

The Group remains focused on converting resources to reserves on Etinde. Significant steps towards this were achieved in the period on both blocks MLHP-7 and MLHP-5, firstly with the completion and testing of the IE-3 appraisal well on MLHP-7 and secondly with the Sapele exploration and appraisal wells on MLHP-5. In addition, planned appraisal work on the IE and IF fields is progressing with dynamic reservoir modelling underway on the former and the acquisition of 3D 4C OBC seismic over both fields in the period. This is currently being processed and once interpreted is expected to form the foundation for well location selection for future appraisal/development drilling.

Further volumetric updates are anticipated as appraisal activity, including drilling, is carried out on Etinde.

The Group is currently reviewing the timing and content of a submission to the Cameroon authorities on further appraisal and development of the Permit, including the remaining work required to reach a development sanction decision.

In addition to the contingent resource noted above, there remains a significant unrisks prospective resource inventory across the Etinde and Bomono Permits.

### **Exploring the Douala Basin**

The Douala Basin is an emerging hydrocarbon province that until recently has seen limited exploration activity, principally due to a historic belief that it was gas prone. This view has changed following the discovery of liquids by both Bowleven and other operators. Activity has intensified in recent times with neighbouring operators acquiring seismic, drilling exploration wells and recently sanctioning and progressing development projects.

Bowleven was extremely active in the Douala Basin during 2010/2011, with drilling and testing activities offshore (Sapele exploration and appraisal wells) and seismic activity onshore (Bomono) and offshore (Etinde blocks MLHP-5 and MLHP-6).

This momentum is expected to continue into 2012 with exploration drilling both onshore and offshore Douala Basin envisaged and the progression of our integrated development plans for the Etinde discoveries.

The discovery of oil and gas condensate in the Deep Omicron and Lower Omicron Miocene intervals with the Sapele-1 exploration well and follow up appraisal wells were significant events. Initial fairway mapping indicates that the Omicron fairways cover the majority of block MLHP-5. The subsequent discovery of oil in the Deep Omicron interval with Sapele-3, 16 kilometres north west of Sapele-1, suggests that this fairway extends significantly beyond the currently mapped area. The D-1r interval drilled with Sapele-3 also shows promise and requires further evaluation.

The Cretaceous stratigraphy drilled at Sapele-1 represents a new play, previously untested within this part of the Douala Basin. The Sapele-1 exploration well encountered gas at TD in the Cretaceous however plans to deepen the well were halted after encountering a rapid influx of high pressure gas. Whilst further exploration drilling is required to assess the Cretaceous prospectivity, initial results show the extension of the Cretaceous play fairway significantly offshore.

In addition, Sapele-1 also confirmed the presence of reservoir and hydrocarbons (including oil) within the Paleocene Epsilon Complex interval. This represents a highly prospective interval that Bowleven believes warrants further investigation.

The results of our recent drilling campaign have demonstrated the significant potential of our Douala Basin acreage. Although it is still at an early stage of evolution we believe that the Basin has the potential to become a major hydrocarbon producing area in the future.

## Operations

It has been an extremely active period for the Group with appraisal and exploration drilling on the shallow water Etinde Permit and seismic activity on both Etinde and the onshore Bomono Permit.

### *Cameroon – Etinde Permit*

#### Drilling and Testing Activities

The IE-3 appraisal well (MLHP-7) was the first well in the campaign and the Sapele-1 exploration well (MLHP-5) the second. This was then followed by the Sapele-1ST and Sapele-2 appraisal wells, drilled concurrently on contracting an additional jack-up rig. Both appraisal wells were subsequently tested. On completion of testing activities at Sapele-1ST the first rig was released.

Drilling operations are currently ongoing with the Sapele-3 exploration well. On 1 November 2011, Bowleven announced its intention to deepen the Sapele-3 well through the Deep Omicron interval into the Epsilon Complex. As planned, on completion of operations at Sapele-3, the rig will be released from contract.

A multi-well drilling campaign comprising both appraisal/development and exploration drilling on Etinde is expected to commence in the second quarter of 2012. Discussions are ongoing in relation to the contracting of a rig and other long lead items for this programme.

#### Seismic Activities

The acquisition and processing of 670 km<sup>2</sup> 3D seismic over Etinde was completed during 2010. This has significantly expanded our block-wide coverage with newly acquired seismic over MLHP-6, the eastern edge of MLHP-5 and the IF field now combined with our previous 3D surveys to create a single integrated Etinde Permit wide 3D seismic volume. The interpretation of the merged 3D volume has formed a significant part of the Group's recent exploration efforts and is integral to the development of the Permit-wide prospect inventory and planning for future exploration drilling.

In addition, 3D 4C OBC development seismic was acquired over the IF and IE fields with a view to improving imaging through the IF gas chimney and volcanic carapace above the IE field. The seismic acquisition was completed in June 2011 and processing of the resulting primary and shear wave data is ongoing with subsequent interpretation expected to commence late in 2011. The intention is to use this, combined with the recently built dynamic reservoir model over IE, to select appraisal drilling locations. The plan is to situate wells at locations where they can be suspended as future producers.

#### Appraisal/Development

Considerable attention has been given to appraisal activities on the existing MLHP-7 discoveries during the period (including completion and testing of the IE-3 appraisal well, the acquisition of 3D 4C OBC seismic and the IE dynamic reservoir model build outlined above).

The oil and gas condensate discovered and appraised with the Sapele wells drilled on MLHP-5 has introduced a further dimension to our development strategy for our resource base in Cameroon, and consequently our development planning has evolved.

A 'hub and spoke' development concept with processing facilities onshore enables a modular approach that combines the exploitation of our existing MLHP-7 (IE, IF and IM) and MLHP-5 (Sapele) fields within a single integrated development. In addition to providing development synergies, it enables a phased development approach to be adopted, potentially facilitating early liquids production.

The Group has submitted a report on the Sapele discoveries to the Cameroon state and is currently reviewing the timing and content of a submission to the Cameroon authorities on further appraisal and development of the Permit as a whole, including the remaining work required to reach a development project sanction decision.

A one year extension to the exploration phase of the Etinde PSC (to 21 December 2012) was awarded by the Government of Cameroon in June 2011. This allows us to maintain momentum in targeting high impact exploration whilst planning the development strategy that will optimise the conversion of discovered resources to reserves. In addition, it allows us to plan and prepare an application to the Cameroon state for an exploitation authorisation over a significant proportion of the Permit.

### Cameroon Gas Monetisation

With significant volumes of gas present across the Permit, in addition to the multiple liquids discoveries, it is recognised that identifying a route for the gas is key to optimising future development plans for the liquids.

The GDF Suez and SNH initiative to advance the monetisation of the substantial undeveloped gas resource within Cameroon via an in-country gas aggregation scheme to supply an LNG facility is progressing. Both parties together with the Etinde joint venture signed a term sheet at the end of June 2011 that established the framework intended to govern the sale and purchase of gas to the proposed LNG facility. Commercial negotiations are expected to commence shortly with FEED scheduled for 2012. The IE and IM fields on block MLHP-7 are seen as key potential contributors to the proposed scheme.

In addition, an early feasibility study is being carried out in association with our partner Vitol, to examine alternative options for gas commercialisation. Several options (including methanol, mini LNG, gas-to-power and fertiliser plant) have been identified as potential solutions.

### ***Cameroon – Bomono Permit***

The programme to acquire 2D seismic on Bomono, onshore Douala Basin, was completed at the end of January 2011, resulting in the acquisition of 500 kilometres in total. Subsequent processing and interpretation reveals multiple Tertiary and Cretaceous prospects. Potential well locations are under consideration and planning and preparation for drilling activities during 2012 are underway. The Group is also considering a farm-out in respect of part of its interest in the Bomono Permit.

### ***Gabon – EOV Permit***

As announced previously, the Group is in the process of disposing of its entire interest in the EOV Permit, offshore Gabon. Agreement in principle has been reached with a third party and our recent focus has been on engaging with the various authorities in Gabon to formalise the disposal. Despite the prolonged process significant progress towards completion has been made and completion is currently anticipated by the end of 2011.

Proceeds expected include a cash consideration of \$35 million and a working capital adjustment from the effective date of the transaction.

### ***Gabon – Epaemeno Permit***

The Epaemeno Permit, onshore Gabon, has been relinquished following a joint technical review of prospectivity carried out by the Operator, Addax, and Bowleven.

### ***New Ventures/Farm-Out Opportunities***

Bowleven continues to review potential opportunities to acquire additional acreage in West Africa, its region of focus, and to review farm-out opportunities to optimise the exploitation of its overall portfolio for shareholders.

### ***Operational Outlook***

The successes of the last year form the foundation of our plans for 2012 in Cameroon. The future programme of operations is likely to include the following:

#### *Drilling activities*

- Up to three appraisal wells on the Etinde Permit
- One exploration well in the Douala Basin, offshore Etinde Permit
- One exploration well on the onshore Bomono Permit

#### *Other activities*

- Conducting pre-FEED activities for a ‘hub and spoke’ development concept with processing facilities based onshore at Limbe
- Ongoing interpretation of newly acquired 3D seismic on Etinde; including 4C OBC covering the IE and IF fields and 3D seismic over block MLHP-6
- Progressing the necessary planning for, and preparation of, an application for an exploitation authorisation for Etinde

### **Vitol**

Vitol have a 25% participating interest in the Etinde Permit and an option to acquire an additional 10% participating interest in block MLHP-7 only, in return for funding an agreed \$50 million gross appraisal work programme. The option expires on the earlier of (i) one month following receipt of finalised 3D 4C OBC dataset over IE and IF and (ii) 31 March 2012. An extension to the option exercise period was agreed in April 2011 in conjunction with an agreement that Vitol would disproportionately fund the proposed 3D 4C OBC

seismic acquisition programme over the IE and IF fields on block MLHP-7 (funding on 50:50 basis).

The principal focus of Vitol's participation in Etinde is to move the existing discovered resource base towards development sanction. Consequently Vitol has been actively involved in appraisal/development activities across the Permit and this is expected to continue as the joint venture progresses towards development. Such activities comprise progressing gas monetisation studies and appraisal activities on existing MLHP-7 discoveries (including dynamic reservoir modelling on IE) in addition to involvement in ongoing drilling operations. Vitol chose not to participate in the Sapele-3 exploration well currently drilling on block MLHP-5, Etinde, this exploration-led well being a considerable 16 kilometre step-out from the original Sapele-1 well.

## **Finance**

The Group has reported a loss of \$76.8 million for the year ended 30 June 2011 (2010: profit \$19.5 million). The loss for the year includes unsuccessful exploration costs of approximately \$42 million for the write-off of the Epaemeno asset following relinquishment. In addition, the results for the year include a foreign exchange loss of \$22.6 million (2010: \$31 million gain), primarily due to the treatment under IFRS of foreign exchange movements arising on intra-group funding. Administrative expenses for the Group were \$13.2 million (2010: \$12.4 million).

Capital expenditure cashflows in the period were \$85.7 million (2010: \$39.7 million). The majority of the expenditure was on exploration and appraisal activities, primarily drilling operations on the Etinde Permit and seismic activity on both the Etinde and Bomono Permits. This excludes the expenditure incurred on the Etinde Permit in the first six months of the year which was covered by the remainder of the \$100 million work programme carry from Vitol.

Net proceeds of \$112 million from an equity placing were received in November 2010. As at the balance sheet date, 30 June 2011, the Group had cash balances of \$96.6 million and no debt. The year end cash balance reduced to the cash position, announced to the market on 19 October 2011, of approximately \$15 million at the end of October 2011 after taking into account all budgeted and approved drilling costs on Sapele-3 at that time. This excludes disposal proceeds of \$35 million pending from the sale of EOV.

On 19 October 2011, we announced that we had raised gross proceeds of circa \$124 million via an equity placing. This is conditional upon shareholder approval which will be sought at a General Meeting of the Company on 7 November 2011. There is completion risk as there is no guarantee that the equity placement will be approved. On this basis the auditor's report in the 2011 financial statements includes an emphasis of matter on going concern. However, as discussed in note 1 of the financial statements (replicated in note 1 of this Preliminary Announcement) the accounts have been prepared on a going concern basis as Directors believe that the required shareholder approval will be obtained.

One of the primary objectives of the work programme next year will be the appraisal of the Group's assets to move the existing resource base from resources to reserves, which in turn will assist with attaining access to alternative funding options for development. In addition, the high equity interest retained in Etinde and Bomono affords the opportunity to bring in additional farm-in partners when deemed appropriate. The Group continues to review all

available funding options and believes that it is well positioned to access these, when appropriate, given its solid asset base and continued drilling success.

### **Board changes**

Philip Tracy was appointed as Non-Executive Director on the Bowleven plc Board on 3 May 2011. Philip has extensive oil and gas industry experience and consequently brings valuable engineering and operations expertise to the Company.

The departure of John Morrow from the position of COO, for personal reasons, was announced on 22 July 2011. Following handover, Philip has assumed the role of Operations Director on an interim basis.

### **Outlook**

The success of our recent exploration and appraisal activities take us closer to sanctioning the development of our discoveries offshore Cameroon and, in doing so, achieving our goal of moving resources to reserves. This will require a further 12–18 months of dedication, hard work and focus as we strive to complete the work required to make the final investment decision. We will also continue to explore the outstanding potential of our onshore and offshore acreage in the Douala Basin.

This has been an active and exciting year operationally for the Group with exploration and appraisal drilling and seismic activities in abundance. The operational momentum of 2010/2011 is expected to continue with an extensive work programme planned for the forthcoming year.

We are now more convinced than ever about the exploration and development potential of our acreage and we look forward to pursuing the opportunities our Cameroon acreage position holds.

**Ronnie Hanna, Chairman**  
**Kevin Hart, Chief Executive**

**3 November 2011**

## Group Income Statement

for the year ended 30 June 2011

	2011	2010
	\$'000	\$'000
<b>Revenue</b>	-	-
Administrative expenses	(13,218)	(12,399)
Unsuccessful exploration costs	(41,704)	-
Operating loss before financing costs	(54,922)	(12,399)
Finance income	700	31,881
Finance costs	(22,594)	(1)
(Loss)/profit from continuing operations before taxation	(76,816)	19,481
Taxation	-	-
<b>(Loss)/Profit for the Year From Continuing Operations Attributable to Equity Shareholders of the Parent Undertaking</b>	<b>(76,816)</b>	<b>19,481</b>
Basic and diluted (loss)/profit per share (\$/share) from continuing operations	(0.37)	0.10

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the individual parent undertaking Income Statement. The loss for the Company for the year was \$94,532,000 (2010: profit of \$1,002,000)

## Statements of Comprehensive Income

for the year ended 30 June 2011

Group	2011 \$'000	2010 \$'000
(Loss)/profit for the year	(76,816)	19,481
<b>Other Comprehensive Income:</b>		
Currency translation differences	23,668	(35,495)
<b>Total Comprehensive Income for the year Attributable to Equity Shareholders</b>	<b>(53,148)</b>	<b>(16,014)</b>

Company	2011 \$'000	2010 \$'000
(Loss)/profit for the year	(94,532)	1,002
<b>Other Comprehensive Income:</b>		
Currency translation differences	26,357	(39,980)
<b>Total Comprehensive Income for the year Attributable to Equity Shareholders</b>	<b>(68,175)</b>	<b>(38,978)</b>

## Group Balance Sheet

30 June 2011

	2011 \$'000	2010 \$'000
<b>Non-current Assets</b>		
Intangible exploration assets	340,637	304,350
Property, plant and equipment	802	747
	341,439	305,097
<b>Current Assets</b>		
Inventory	8,180	6,926
Trade and other receivables	24,390	43,934
Cash and cash equivalents	96,621	79,152
	129,191	130,012
Assets held-for-sale	41,624	-
<b>Total Assets</b>	<b>512,254</b>	<b>435,109</b>
<b>Current Liabilities</b>		
Trade and other payables	(38,673)	(23,548)
Liabilities related to disposal unit held-for-sale	(588)	-
<b>Total Liabilities</b>	<b>(39,261)</b>	<b>(23,548)</b>
<b>Net Assets</b>	<b>472,993</b>	<b>411,561</b>
<b>Equity</b>		
Called-up share capital	37,881	34,280
Share premium	619,729	510,538
Foreign exchange reserve	(55,187)	(78,855)
Shares held by Employee Benefit Trust	(580)	(944)
Other reserves	12,341	12,076
Retained deficit	(141,191)	(65,534)
<b>Total Equity Attributable to the Equity Shareholders</b>	<b>472,993</b>	<b>411,561</b>

## Company Balance Sheet

30 June 2011

	2011 \$'000	2010 \$'000
<b>Non-current Assets</b>		
Property, plant and equipment	427	474
Investments	1,876	47,350
	2,303	47,824
<b>Current Assets</b>		
Trade and other receivables	382,558	306,543
Cash and cash equivalents	96,336	78,860
	478,894	385,403
<b>Total Assets</b>	<b>481,197</b>	<b>433,227</b>
<b>Current Liabilities</b>		
Trade and other payables	(4,562)	(2,633)
<b>Total Liabilities</b>	<b>(4,562)</b>	<b>(2,633)</b>
<b>Net Assets</b>	<b>476,635</b>	<b>430,594</b>
<b>Equity</b>		
Called-up share capital	37,881	34,280
Share premium	619,729	510,538
Foreign exchange reserve	(66,997)	(93,354)
Other reserves	6,915	6,634
Retained deficit	(120,893)	(27,504)
<b>Total Equity Attributable to the Equity Shareholders</b>	<b>476,635</b>	<b>430,594</b>

## Group Cash Flow Statement

for the year ended 30 June 2011

	2011 \$'000	2010 \$'000
<b>Cash Flows from Operating Activities</b>		
(Loss)/profit before tax	(76,816)	19,481
<i>Adjustments to reconcile Group (loss)/profit before tax to net cash used in operating activities:</i>		
Unsuccessful exploration costs	41,704	-
Depreciation of property, plant and equipment	462	496
Finance income	(700)	(31,881)
Finance costs	22,594	1
Equity-settled share based payment transactions	1,788	2,106
Adjusted loss before tax prior to changes in working capital	(10,968)	(9,797)
(Increase)/decrease in inventory	(1,657)	1,842
Increase in trade and other receivables	(686)	(804)
Increase in trade and other payables	1,940	1,490
Exchange differences	(437)	63
<b>Net Cash Used in Operating Activities</b>	<b>(11,808)</b>	<b>(7,206)</b>
<b>Cash Flows used in Investing Activities</b>		
Purchases of property, plant and equipment	(524)	(317)
Purchases of intangible exploration assets	(85,182)	(39,352)
Interest received	732	713
<b>Net Cash Used in Investing Activities</b>	<b>(84,974)</b>	<b>(38,956)</b>
<b>Cash Flows from/(used in) Financing Activities</b>		
Net proceeds from issue of ordinary shares	112,792	533
Purchase of own shares	-	(975)
<b>Net Cash Flows from/(used in) Financing Activities</b>	<b>112,792</b>	<b>(442)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>16,010</b>	<b>(46,604)</b>
Net increase/(decrease) in cash and cash equivalents	16,010	(46,604)
Effect of exchange rates on cash and cash equivalents	1,511	(4,531)
Cash and cash equivalents at the beginning of the year	79,152	130,287
<b>Cash and Cash Equivalents at the Year End</b>	<b>96,673</b>	<b>79,152</b>

## Company Cash Flow Statement

for the year ended 30 June 2011

	2011 \$'000	2010 \$'000
<b>Cash Flows from Operating Activities</b>		
(Loss)/profit before tax	(94,532)	1,002
<i>Adjustments to reconcile Company (loss)/profit before tax to net cash used in operating activities:</i>		
Depreciation of property, plant and equipment	326	356
Impairment costs	73,168	-
Finance income	(700)	(11,961)
Finance costs	10,181	-
Equity-settled share based payment transactions	1,539	1,902
Adjusted loss before tax prior to changes in working capital	(10,018)	(8,701)
Increase in trade and other receivables	(101,166)	(19,024)
Increase in trade and other payables	1,929	972
Exchange differences	12,022	(19,785)
<b>Net Cash Used in Operating Activities</b>	<b>(97,233)</b>	<b>(46,538)</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of property, plant and equipment	(279)	(147)
Interest received	732	554
<b>Net Cash from Investing Activities</b>	<b>453</b>	<b>407</b>
<b>Cash Flows from Financing Activities</b>		
Net proceeds from issue of ordinary shares	112,792	533
<b>Net Cash Flows from Financing Activities</b>	<b>112,792</b>	<b>533</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>16,012</b>	<b>(45,598)</b>
Net increase/(decrease) in cash and cash equivalents	16,012	(45,598)
Effect of exchange rates on cash and cash equivalents	1,464	(4,443)
Cash and cash equivalents at the beginning of the year	78,860	128,901
<b>Cash and Cash Equivalents at the Year End</b>	<b>96,336</b>	<b>78,860</b>

## Statements of Changes in Equity

for the year ended 30 June 2011

Group	Equity share capital* \$'000	Foreign exchange reserve \$'000	Shares held in trust \$'000	Other reserves \$'000	Retained deficit \$'000	Total equity \$'000
At 1 July 2009	544,285	(43,360)	-	12,296	(87,310)	425,911
Profit for the year	-	-	-	-	19,481	19,481
Other comprehensive income for the year	-	(35,495)	-	-	-	(35,495)
Total comprehensive income for the year	-	(35,495)	-	-	19,481	(16,014)
Proceeds from issue of share capital	537	-	-	-	-	537
Cost of issue of share capital	(4)	-	-	-	-	(4)
Share based payments	-	-	-	2,106	-	2,106
Transfer between reserves	-	-	31	(2,326)	2,295	-
Shares purchased by Employee Benefit Trust	-	-	(975)	-	-	(975)
<b>At 30 June 2010</b>	<b>544,818</b>	<b>(78,855)</b>	<b>(944)</b>	<b>12,076</b>	<b>(65,534)</b>	<b>411,561</b>
Loss for the year	-	-	-	-	(76,816)	(76,816)
Other comprehensive income for the year	-	23,668	-	-	-	23,668
Total comprehensive income for the year	-	23,668	-	-	(76,816)	(53,148)
Proceeds from issue of share capital	115,477	-	-	-	-	115,477
Cost of issue of share capital	(2,685)	-	-	-	-	(2,685)
Share based payments	-	-	-	1,788	-	1,788
Transfer between reserves	-	-	364	(1,523)	1,159	-
<b>At 30 June 2011</b>	<b>657,610</b>	<b>(55,187)</b>	<b>(580)</b>	<b>12,341</b>	<b>(141,191)</b>	<b>472,993</b>

  

Company	Equity share capital* \$'000	Foreign exchange reserve \$'000	Other reserves \$'000	Retained deficit \$'000	Total equity \$'000
At 1 July 2009	544,285	(53,374)	7,059	(30,801)	467,169
Profit for the year	-	-	-	1,002	1,002
Other comprehensive income for the year	-	(39,980)	-	-	(39,980)
Total comprehensive income for the year	-	(39,980)	-	-	(38,978)
Proceeds from issue of share capital	537	-	-	-	537
Cost of issue of share capital	(4)	-	-	-	(4)
Share based payments	-	-	1,870	-	1,870
Transfer between reserves	-	-	(2,295)	2,295	-
<b>At 30 June 2010</b>	<b>544,818</b>	<b>(93,354)</b>	<b>6,634</b>	<b>(27,504)</b>	<b>430,594</b>
Loss for the year	-	-	-	(94,532)	(94,532)
Other comprehensive income for the year	-	26,357	-	-	26,357
Total comprehensive income for the year	-	26,357	-	(94,532)	(68,175)
Proceeds from issue of share capital	115,477	-	-	-	115,477
Cost of issue of share capital	(2,685)	-	-	-	(2,685)
Share based payments	-	-	1,788	-	1,788
Transfer between reserves	-	-	(1,507)	1,507	-
Transfer from Employee Benefit Trust	-	-	-	(364)	(364)
<b>At 30 June 2011</b>	<b>657,610</b>	<b>(66,997)</b>	<b>6,915</b>	<b>(120,893)</b>	<b>476,635</b>

\*Includes both share capital and share premium

## **NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS**

### **For the year ended 30 June 2011**

#### (1) Accounting Policies

##### **Basis of Preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRSs. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities (including derivative instruments). Bowleven plc as a company operates using a functional currency of GB Pounds. These financial statements are presented in US Dollars, the Group's presentation currency, rounded to the nearest \$'000.

The disclosed figures are not statutory accounts in terms of section 435 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2011, on which the auditor gave an unqualified opinion with an emphasis of matter on going concern (see below for more detail) and which includes full disclosure of the Group accounting policies, are scheduled to be posted to shareholders on 21 November 2011 and will be filed with the Registrar of Companies in due course.

##### **Going concern**

In making their going concern assessment, the Directors have considered Group budgets and cash flow forecasts and recognised that in order to finance exploration and appraisal activities it would be necessary to raise additional funds.

On 19 October 2011, we announced that we had raised gross proceeds of approximately \$124 million by way of an equity placing, conditional upon shareholder approval at a General Meeting on 7 November 2011. The Directors believe that the required shareholder approval will be obtained and the equity placement will complete. Accordingly, the financial statements have been prepared on a going concern basis as the Directors are of the opinion that the Group will have sufficient funds to meet their ongoing working capital and committed capital expenditure requirements over the next 12 months.

However, there is completion risk as there is no guarantee that the equity placement will be approved. As additional funding has not been secured at the date of this report there is a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

#### (2) Post balance sheet events

As noted in the going concern paragraph above, on 19 October 2011, we announced that we had raised gross proceeds of approximately \$124 million by way of an equity placing, conditional upon shareholder approval which will be sought at a General Meeting of the Company on Monday 7 November 2011.

(3) Other notes

- a) The loss attributable to ordinary shares and the number of ordinary shares for the purpose of calculating the diluted earnings per share are identical to those used in the basic earnings per share. The exercise of share options would have the effect of reducing the loss per share and consequently is not taken into account. In the prior year, the diluted earnings per share was calculated using the same profit as the basic earnings per share calculation on 194,588,485 ordinary shares being, the basic weighted average of 193,192,562 and 1,395,923 dilutive potential ordinary shares relating to share options.
- b) Directors have not recommended a dividend (2010: nil).
- c) On 26 November 2010, the Company issued 22,000,000 ordinary shares at a price of £3.27 per share with a nominal value of \$3,512,234. The total aggregate increase in the share premium reserve regarding this issue was \$108,653,128 after deducting \$2,684,690 in expenses.

(4) 2011 Annual Report and Accounts

Full accounts are scheduled to be posted to shareholders on Monday 21 November 2011 and can be obtained, free of charge, at the Company's registered office, 1 North St Andrew Lane, Edinburgh, EH2 1HX, for a period of one month.

## **GLOSSARY:**

The following are the main terms and abbreviations used in this announcement:

Addax	Addax Petroleum Corporation, a subsidiary of China Petrochemical Corporation (Sinopec)
AIM	the market of that name operated by the London Stock Exchange
Board or Directors	the directors of the Company
boepd	barrels of oil equivalent per day
Bomono Permit	the production sharing contract between the Republic of Cameroon and EurOil dated 12 December 2007 in respect of the area of approximately 2,328 km <sup>2</sup> comprising former blocks OLHP-1 and OLHP-2 onshore Cameroon; or, as the context may require, the contract area to which this production sharing contract relates
Bowleven	Bowleven plc and/or its subsidiaries as appropriate
Companies Act 2006	the United Kingdom Companies Act 2006 (as amended)
Company	Bowleven plc
condensate	a light oil that is gaseous under certain reservoir conditions, often discovered with significant volumes of natural gas.
EOV Permit	the exploitation and production sharing contract between the Republic of Gabon and GGPC Gabon (EOV) Limited (an indirectly wholly owned subsidiary of the Company) dated 16 February 2004; or, as the context may require, the contract area to which this production sharing contract relates
Epaemeno Permit	the exploitation and production sharing contract between the Republic of Gabon and GGPC Gabon (Epaemeno) Limited (an indirectly wholly owned subsidiary of the Company) dated 17 November 2004, in respect of an area of approximately 1,340 km <sup>2</sup> onshore Gabon; or, as the context may require, the contract area to which this production sharing contract relates
Etinde Permit	the production sharing contract between the Republic of Cameroon and EurOil Limited dated 22 December 2008 in respect of the area of approximately 2,316 km <sup>2</sup> comprising former blocks MLHP-5, MLHP-6 and MLHP-7 offshore Cameroon; or, as the context may require, the contract area to which this production sharing contract relates
FEED	front end engineering and design
GDF	GDF Suez S.A.
Group	the Company and its direct and indirect subsidiaries
IE	the Isongo E Field area, Block MLHP-7, Etinde Permit

IF	the Isongo F Field area, Block MLHP-7, Etinde Permit
IFRS	International Financial Reporting Standards
IM	the Isongo Marine Field area, Block MLHP-7, Etinde Permit
km <sup>2</sup>	square kilometres
LNG	liquefied natural gas
mmboe	million barrels of oil equivalent
ordinary shares	ordinary shares of 10p each in the capital of the Company
prospect, lead & play	a play is an exploration concept or idea that is conducive to the identification of leads that may, in turn, become prospects when they are ready to be drilled
prospective resources, contingent resources and reserves	shall have the meanings given to them by the guidance on petroleum resources classification contained in the 2007 SPE Petroleum Management System published jointly by the Society of Petroleum Engineers, The American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers
PSC	production sharing contract
P50	50% probability that volumes will be equal to or greater than stated volumes
Sapele-1ST	the sidetrack of the original Sapele-1 well
SNH	Société Nationale des Hydrocarbures, the national oil company of Cameroon
TD	total depth
unrisked	in the context of estimated resource values, without having been adjusted to reflect the prospect of success of a particular well or project
Vitol	Vitol E&P Limited
2D	two dimensional
3D	three dimensional
4C OBC	four component ocean bottom cable
\$	United States of America Dollars
£	Great Britain Pounds Sterling